

Date: February 2, 2016

To: Thomas J. Bonfield, City Manager

Through: W. Bowman Ferguson, Deputy City Manager

From: Marvin G. Williams, Public Works Director
Vicki Westbrook, Water Management Deputy Director

Subject: Resolution to Support the Upper Neuse River Basin Association (UNRBA)
FY2017 Funding Level and City of Durham Contribution

Executive Summary

At the January 27, 2016 meeting of the Board of Directors of the UNRBA, a revenue increase was proposed to continue work on the second step in the re-examination of the Falls Lake Nutrient Management Strategy goals, field monitoring and analysis. The Board approved a revenue increase from \$896,300 in FY2016 to \$978,800 in FY2017. The City of Durham contribution would increase from \$197,028.63 in FY2016 to \$214,259.03 in FY2017.

Recommendation

The Administration recommends that the City Council adopt the resolution supporting the UNRBA FY2017 funding level of \$978,800, with a City of Durham contribution of \$214,259.03.

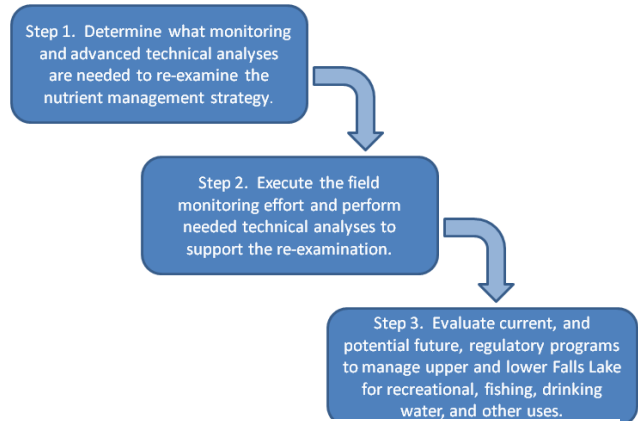
Background

A re-examination of the Stage II goals of the Falls Lake Nutrient Management Strategy was identified in the Consensus Principles adopted by City Council on February 18, 2010 (Resolution #9707). This re-examination is needed to modify the Stage II goals of the strategy, which are currently estimated to cost watershed stakeholders over \$1 billion. The UNRBA took on the task of coordinating the Falls Lake Watershed local governments' efforts to support the re-examination of the rules. The UNRBA envisioned the re-examination as a three step process and began working through those steps in 2012. The following paragraphs provide brief updates on UNRBA activity during FY2016 and a description of the proposed UNRBA budget for FY2017.

Update on the Re-examination Process.

As part of the first step, plans for routine monitoring and analysis were completed in mid-2014. Actions regarding the first step were previously reported to council in annual updates and requests for approval of the UNRBA budget. During the late summer of 2014, work began on the second step, watershed and lake monitoring. The routine, month-to-month, monitoring is conducted according to a state-approved monitoring plan. Additional studies to fill in scientific knowledge gaps, called Special Studies, were also initiated in FY2015 and FY2016. Special Studies approved to date are as follows:

- Storm event sampling
- High flow monitoring at eight tributary stations
- Sediment monitoring and evaluation
- Lake Constriction Point Study
- Light Extinction Measurements
- Basic Evaluation of Model Performance
- Recreational Use Assessment



Steps to a Re-examination of Falls Lake (Stage II)

The watershed and lake monitoring needed for the re-examination will continue into 2018. The monitoring period may be extended depending upon weather conditions such as drought or a period with high tropical activity. Interim and annual reports describing routine monitoring are posted to the UNRBA web site (unrba.org). As Special Studies are completed, these reports will also be posted to the UNRBA web site.

Other items of note:

The Division of Water Resources in the N.C. Department of Environmental Quality initiated the comprehensive review of the existing rules, including the nutrient management strategy rules. The nutrient management rules are contained within 15A NCAC 02B, as are water quality standards and classifications, water supply watershed protection programs, and wastewater permitting. The Division of Water Resources convened stakeholder groups in which several UNRBA member governments participated. The UNRBA provided multiple comments on the proposed changes to the Falls and Jordan Lake rules. The schedule for the rules re-adoption has been delayed and will likely begin again in late 2016 or early 2017.

The Division of Water Resources prepared a draft of the first Falls Lake annual report, which is expected to be presented to the N.C. Environmental Management Commission this spring. The UNRBA provided extensive comments on this report, which describes not only changes in water quality but also programs and projects implemented in the member jurisdictions.

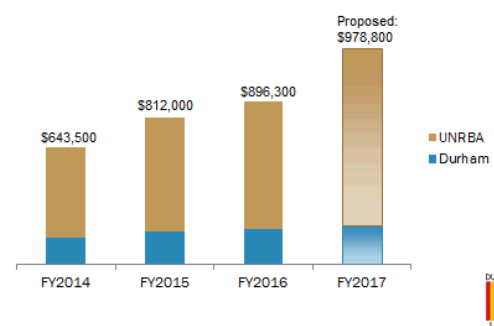
In FY2016, modeling analysis began with an evaluation of the performance of the previous lake water quality model. The previous model was developed by the state and has been found to contain assumptions that affect the ability of the model to provide reasonable answers to management questions. Modeling analyses will continue for the next few years as specific monitoring studies are completed or the monitoring scope is condensed. At this time, the UNRBA does not have a cost estimate for the modeling analyses.

Funding levels for FY2017

The annual budget for the UNRBA covers two areas as follows:

1. Funding of the Executive Director, administrative costs, and fees, and
2. Falls Lake monitoring and Falls Lake watershed monitoring and analysis.

UNRBA Funding Levels FY2014 - 2017



In FY2013, the advisory committee to the UNRBA recommended a maximum annual monitoring budget of \$800,000.00 for the UNRBA. FY2017 is the first year that annual member contributions will provide the entire \$800,000.00 since the carry-forward is anticipated to be minimal.

Based upon the recommendation of the Personnel Committee of the UNRBA, the UNRBA Board of Directors voted unanimously at its January 27, 2016 meeting to increase the level of reimbursement under the Executive Director Services contract from \$165,300.00 to \$172,800.00 for FY 2016-17. The Personnel Committee noted that the Executive Director, Mr. Forrest Westall, and his support have provided excellent service to the UNRBA and their continued assistance is critical to the UNRBA's continued success. The extra level of funding is being provided to reduce the number of hours that the Executive Director works on UNRBA's behalf, but has to write-off, due to the spending cap in the Executive Director Services contract.

The City of Durham provides funds to the UNRBA through the Departments of Water Management and Public Works. With a target budget of \$978,800.00, the City of Durham would contribute \$214,259.03 in FY2016, approximately 22% of the total budget. Other major contributors anticipated in FY2017 are as follows:

City of Raleigh	\$285,458.58
Orange County	\$104,281.83
Durham County	\$ 86,425.29
Person County	\$ 71,678.74

These local governments and the City of Durham account for approximately 77% of the FY2017 budget.

Alternatives

The alternative is to reject the resolution and the increased contributions to the UNRBA. This would result in the UNRBA cutting back or ceasing monitoring, and may negate the re-examination of the Falls Lake Stage II goals. Another option could be for the City to pursue the re-examination of the Falls Lake Stage II goals without the assistance of the other local governments in the watershed. In this case, the City would pay the full cost of the re-examination and dedicate staff time to manage the necessary contracts, which would likely be much more costly.

Financial Impact

The City of Durham will pay the UNRBA a total of \$214,259.03, from the Public Works operating budget (Organization code 5500L041, Object code 728600, \$31,789.25) and the Water Management operating budget (Organization code 5100P000, Object code 724300, \$182,469.78).

SDBE Summary

Not applicable

Attachments

Resolution supporting the UNRBA FY2017 Budget

UNRBA Proposed FY2017 funding level with member contributions

Presentation